

2 **HB 1361** - S AMD 281

3 By Senators T. Sheldon, Rossi and Shin

4 WITHDRAWN 04/12/01

5 On page 17, after line 18, insert the following:

6 "Sec. 18. RCW 82.04.4281 and 1980 c 37 s 2 are each amended to
7 read as follows:

8 (1) In computing tax there may be deducted from the measure of tax:

9 (a) Amounts derived ((by persons, other than those engaging in
10 banking, loan, security, or other financial businesses,)) from
11 investments or the use of money ((as such, and also)); and

12 (b) Amounts derived as dividends by a parent from its subsidiary
13 corporations.

14 (2) The following persons are not entitled to the deduction
15 provided in subsection (1)(a) of this section:

16 (a) Persons who engage in business as a banking, loan, or other
17 financial institution chartered under:

18 (i) Title 30, 31, 32, or 33 RCW;

19 (ii) The national bank act, as amended; or

20 (iii) The homeowners loan act, as amended;

21 (b) A holding company of any person described in (a) of this
22 subsection that is subject to:

23 (i) The bank holding company act, as amended; or

24 (ii) The homeowners loan act, as amended;

25 (c) Persons who engage in business as a lender approved by the
26 United States secretary of housing and urban development for
27 participation in any mortgage insurance program under the national
28 housing act, as amended;

29 (d) Persons who engage in business as a subsidiary of or affiliate
30 owned or controlled by one or more persons described in (a), (b), or
31 (c) of this subsection;

32 (e) Persons who engage in business as an underwriter and
33 distributor of securities issued by other persons, a seller of
34 securities to the public, a broker of securities, or any combination of
35 these activities, whose gross income is normally derived principally
36 from these activities. However, this subsection shall not be construed

1 to deny the deduction provided in subsection (1) of this section to the
2 entity that issues any of the securities that are underwritten,
3 distributed, sold, or brokered by any of the persons identified in this
4 subsection. In addition, this subsection shall not be construed to
5 deny the deduction provided in subsection (1) of this section to any
6 collective investment entity such as a mutual fund, venture capital
7 fund, hedge fund, deferred compensation trust or account, or any
8 similar fund or account;

9 (f) Persons who engage in business as a provider of revolving
10 credit accounts. However, this subsection shall only be construed to
11 deny the deduction provided in subsection (1) of this section to
12 interest income derived from the provision of the revolving credit
13 accounts. If the person providing revolving credit accounts is also
14 engaged in business as a person identified in (a), (b), (c), or (d) of
15 this subsection, that person shall be denied the deduction provided in
16 subsection (1) of this section in its entirety;

17 (g) Persons who make installment sales through installment sales
18 contracts. However, this subsection shall only be construed to deny
19 the deduction provided in subsection (1) of this section to interest
20 income derived from the installment sales contracts. In addition, a
21 person making installment sales through installment sales contracts
22 shall not be deemed to be engaged in business for the purposes of this
23 subsection unless they hold two or more installment sales contracts;
24 and

25 (h) Persons whose primary business activity is substantially
26 identical to the activities of any person listed in (a) through (g) of
27 this subsection. However, this subsection shall not be construed to
28 deny the deduction provided in subsection (1) of this section to any
29 person who qualifies as a personal holding company as defined in
30 section 542 of the internal revenue code, nor any person who would meet
31 the definition of a personal holding company if that person were a
32 corporation."

33 Renumber the sections consecutively and correct any internal
34 references accordingly.

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4 On page 1, on line 2 of the title, after "82.04.2907," insert
5 "82.04.4281,"

« **END** «

EFFECT: Defines financial businesses for B&O tax purposes.